GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:400
ANSWERED ON:15.12.2000
IFI AND FIIS IN MUTUAL FUND
PUTTASWAMY GOWDA;RUDRAGOUDA PATIL

Will the Minister of FINANCE be pleased to state:

(a) whether the Government propose to allow the International Financial Institutions and FIIs to enter the Indian Mutual Fund Sector;

(a) if so, the reasons therefor;

(c) whether the Government have conducted a study regarding the performance of Indian Mutual Funds;

(d) if so, the outcome thereof; and

(e) if not, the reasons therefor?

Answer

MINISTRY OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIHE PATIL)

(a) to (e) A statement is laid on the Table of the House.

Statement referred to in the reply to Lok Sabha Starred Question No. 400 by Shri G. Putta Swamy Gowda and Shri R.S. Patil fo answer on Friday the 15th December 2000 regarding IFI and FIIs in Mutual Fund

(a) & (b) International financial institutions and foreign institutional investors are already allowed to sponsor mutual funds in India subject to approval of the Foreign Investment Promotion Board and compliance with the requirements of the SEBI (Mutual Funds) Regulations, 1996, which are uniformly applicable to domestic and foreign applicants.

(c), (d) & (e) Mutual funds are regulated by the Securities and Exchange Board of India (SEBI) under the SEBI (Mutual Funds Regulations, 1996. SEBI monitors the activities of mutual funds through various periodical reports submitted by them. Mutual funds are required to disclose their performance in terms of NAVs on daily basis in case of open-ended schemes and on weekly basis in case of close-ended schemes. Detailed internal status reports including funds mobilized, total assets, offer documents received and cleared, schemes launched, daily purchases and sales by mutual funds etc. are prepared which are also available on the SEBI website (www.sebi.gov.in). As such, Government has not conducted any separate study on the performance of Indian mutual funds.